

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 SS-15 L-03 NSC-05 PA-01 PRS-01

USIA-06 CIAE-00 DODE-00 DOTE-00 FMC-01 INR-07 NSAE-00

CG-00 OFA-01 DLOS-04 FEA-01 AGR-05 CEA-01 FRB-03 H-02

INT-05 LAB-04 AID-05 CIEP-01 STR-04 TAR-01 TRSE-00

SP-02 OMB-01 /099 W

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R 180920Z AUG 75

FM AMEMBASSY ANKARA

TO SECSTATE WASHDC 397

USDOC WASHDC

INFO USMISSION OECD PARIS

AMCONSUL ISTANBUL

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E.O. 11652: N/A

TAGS: EWWT GATT OECD TU

SUBJ: OCEAN SHIPPING: GOT RESTRICTIONS

REF: (A) ISTANBUL 2559 (B) STATE 193957

1. TURKISH OFFICIAL GAZETTES NO. 15307 OF JULY 26 AND NO. 15324 OF AUGUST 12, 1975 PUBLISHED MINISTRY OF FINANCE (MOF) COMMUNIQUEs RELATED TO DECREE NO. 17 OF 1962 ON PROTECTION OF VALUE OF TURKISH CURRENCY. IN EFFECT THESE COMMUNIQUEs STIPULATE THAT, WITH EXCEPTION OF SHIPMENTS MADE UNDER TERMS OF INTERNATIONAL AGREEMENT (E.G. EXIM BANK 50/50 REQUIREMENT AND AID SHIPMENTS), ALL IMPORTS INTO TURKEY AND ALL EXPORTS FROM TURKEY MUST BE CARRIED ON TURKISH BOTTOMS IF TURKISH SHIPS ARE AVAILABLE. AVAILABILITY OR NON-AVAILABILITY MUST BE VERIFIED BY TURKISH CARGO LINES (STATE ENTERPRISE ADMINISTERED BY MINISTRY OF COMMUNICATIONS) AND BY TURKISH SHIPOWNERS ASSOCIATION WITHIN THREE DAYS OF REQUEST OR ELSE APPLICANT FREE TO USE FOREIGN  
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VESSEL. ALSO TURKISH SHIP MAY FIX FREIGHT CHARGES AT NOT TO EXCEED

TWO PERCENT OF AVERAGE INTERNATIONAL RATE ON GIVEN DATE OTHERWISE CARGO MAY BE CARRIED ON FOREIGN VESSEL.

2. COMAT HAS DISCUSSED SUBJECT WITH MOF OFFICIAL, SHIPPING AGENT FOR AMERICAN EXPORT LINES, AND OTHER EMBASSIES. IN GENERAL, THESE MEASURES ARE CONSIDERED RESTRICTIVE AND IN RESTRAINT OF TRADE.

3. MOF OFFICIAL EXPRESSED VIEW THAT RESTRICTIONS NOT DISSIMILAR TO THOSE ADOPTED BY OTHER (UNNAMED) COUNTRIES AND SIMILAR TO U.S. RESTRICTIONS ON EXIM BAND AND AID SHIPMENTS. HE SAID THAT SINCE GOT CONTROLS ALL FOREIGN EXCHANGE ALLOCATIONS, IT CAN ALSO CONTROL USE FOR SHIP FREIGHT COSTS EVEN THOUGH RECOGNIZING THIS CONFLICTS WITH INTERNATIONAL TRADE PRACTICES AND IMPLEMENTATION MIGHT BE CUMBERSOME AND CAUSE SOME INCONVENIENCE AND EXTRA COSTS, DELAYS, ETC. HE EMPHASIZED THAT THIS ORDER ISSUED FOR PURPOSE SAVING TURKEY FOREIGN EXCHANGE AND TO PROTECT INTERESTS OF TURKISH SHIPOWNERS. COMAT ASKED WHAT MAY HAPPEN IF FOREIGN BUYER OF E.G. TOBACCO INSISTS HIS ORDER BE CARRIED ON FOREIGN SHIP AND MOF OFFICIAL SAID THAT OF TURKISH VESSEL AVAILABLE MUST BE USED OR CANCEL ORDER.

4. TURKISH REP OF AMERICAN EXPORT LINES CALLED NEW REGULATIONS EXTREMELY RESTRICTIVE, RESTRAINT OF TRADE, DISCRIMINATORY AGAINST ALL FOREIGN SHIPPING INTERESTS SERVING TURKEY, AND PARTICULARLY DAMAGING TO U.S. SHIPPING INTERESTS. HE EXPRESSED OPINION THIS VIOLATES OECD CHARTER AND REQUESTED WE EXPLORE POSSIBILITY RAISING SUBJECT WITH OECD (AND PERHAPS GATT). OBVIOUSLY NEW MEASURE IS IMPEDIMENT TO TRADE, LIMITS FREEDOM OF CHOICES OF BUYERS (IMPORTERS) WHO LOSE THEIR ROUPNG POWER, AND THEREFORE DIFFICULT TO COMPLETE SALES AND PURCHASE FORMALITIES. AMERICAN FLAG VESSELS CANNOT FREELY BOOK CARGO. ALSO INVOICES USUALLY INDICATE MANUFACTURER MAY SUPPLY CARGO WITHIN FLEXIBLE TIME PERIOD E.G., PRODUCER OF MACHINERY MAY GIVE DELIVERY DATE OF SIX MONTHS TO YEAR AND URGENT CARGO PRODUCER MAY GIVE MAXIMUM FIFTEEN DAYS. UNDER THESE CONDITIONS IT SEEMS PRACTICALLY IMPOSSIBLE FOR TURKISH SHIPPING COMPANY TO GIVE FIRM ASSURANCE SPACE AVAILABILITY SO THAT TURKISH BUYER MAY OPEN CIF LETTER OF CREDIT ENABLING SUPPLIER TO MANUFACTURE OR PROCURE ORDER.

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5. BRITISH EMBASSY ECON/COMMERCIAL COUNSELOR SAID THAT NOT MUCH REACTION TO NEW MEASURES EXPRESSED AT RECENT WEEKLY MEETING OF MOST EEC MEMBERS ECONOMIC COUNSELORS IN ANKARA WHO FELT "SO WHAT, SUCH RESTRICTIONS ARE COMMON THESE DAYS," EXCEPT BRITISH AND GERMAN REPS BOTH OF WHOM WERE GOING TO REPORT HOME AND ASK FOR GUIDANCE. BRITISH ECON/COMMERCIAL COUNSELOR SAID HE WOULD RECOMMEND ORAL OBJECTION TO MINISTRY OF FOREIGN AFFAIRS. HE DIDN'T THINK

GOT WOULD WITHDRAW NEW REGULATIONS BECAUSE OF TURKISH STUBBORNNESS. HE WAS NOT TOO KEEN ABOUT FORMAL PROTEST UNTIL FOREIGN SHIPPING COMPANIES HAD COME TO SOME WORKING ARRANGEMENT WITH TURKISH SHIPPINT COMPANIES WHO DIDN'T HAVE ENOUGH BOTTOMS ANY CASE. (IN FACT, HE FELT THIS NEW REGULATION WOULD GIVE U.K. OPPORTUNITY SELL SOME SHIPS.)

6. IMPRACTICALITY OF IMPLEMENTATION MAY MAKE NEW REGULATIONS LESS ONEROUS THAN NOW APPEARS, BUT EMB FEELS THAT NEW REGULATIONS ARE UNACCEPTABLE IN PRINCIPLE EVEN IF PERHAPS UNWORKABLE.

7. DEPARTMENT'S COMMENTS AND GUIDANCE WOULD BE APPRECIATED;  
TRANSLATIONS OF TEXTS TWO COMMUNIQES BEING POUCHED AS REQUESTED IN  
REF (B).  
MACOMBER

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**Draft Date:** 18 AUG 1975  
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